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Office of Current Intelligence
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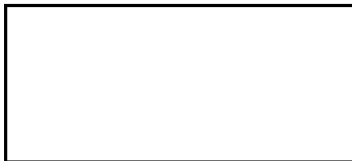
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GENERAL

1. Soviet representative suggests US-USSR bilateral settlement of Korean war:

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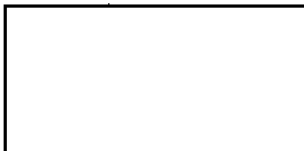


During an exchange of views with US representatives at the United Nations, Jacob Malik, Soviet delegate to the UN, declared on 2 May that the US does not want a peaceful settlement of the Korean War, but stated that if a settlement were really desired, it might be accomplished through the Paris conference. When asked if this was a proposal to add settlement of the Korean War to the agenda of the Foreign Ministers' meeting, he replied that he was making no proposal but was merely thinking that the Korean dispute, as well as other outstanding matters, could and should be settled by discussion between the US and Soviet Governments. He added that the Soviet position on such bilateral discussions is well known, and stated twice that any settlement must contain honorable terms for all interested parties. Malik also brought up the subject of Formosa, implying the US action in this regard was the principal reason for Chinese Communist intervention in Korea.

Comment: Possibly significant in view of Malik's remarks on Soviet-US bilateral negotiations for a Korean settlement is a 30 April Moscow broadcast beamed to the Far East discussing Korean unity, in which the subject of the former Russian-American Joint Commission in Korea was revived. However, opportunities to discuss a settlement of the Korean War at the Paris conference have not been utilized. This appears to be the first time that any responsible Soviet official has intimated that the USSR could settle the Korean War without at least the direct participation of Communist China and possibly North Korea.

2. Soviet reply to Western agenda hits points of possible Western divergence:

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Soviet delegate Gromyko on 4 May agreed to accept the first of the three Western drafts of an agenda for a Foreign Ministers' Conference submitted on 2 May, but made his acceptance

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conditional upon substitution of the Soviet phraseology on the armaments item. A British spokesman told reporters Gromyko's proposal was "a barefaced piece of impudence," and the Western delegates have rejected the Soviet offer.

Earlier on 4 May, at a discussion among the Western delegates of possible procedure in case the Western proposals were not accepted, the UK delegate shied away from any discussion of a direct approach to the Soviet Government in Moscow as suggested by the US. US delegate Jessup has expressed his anxiety that in a further prolonging of the Paris talks the Western position might not be maintained, particularly in light of the British attitude. He cites in support of this view previous UK proposals on the armaments item that in the US view constituted "virtual acceptance of the Soviet position."

3. French asked to make military aid to Yugoslavia outright grant:

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The State Department has instructed Embassy Paris to ask the French Foreign Office for an expression of the terms on which the French believe the Western countries should provide military aid to Yugoslavia. The Department points out that the US and the UK are agreed that such aid should be on a grant basis because of the precarious state of the Yugoslav economy. The material in question is non-standard, including equipment of German origin, or in excess of the NATO's needs, and would thereby reinforce Western security without affecting the defense budget of the donor nation. The message adds the Department's views that turning over such supplies to the Yugoslavs should not be delayed until the proposed agreement is reached.

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6. Burmese Foreign Minister reports on Chinese Nationalist troops:

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Ambassador Key in Rangoon reports that the Burmese Foreign Minister, revealing the results of his investigation of the Chinese Nationalist troops in the Kengtung area, stated that:

(1) there has been a great increase in their numbers since last summer, (2) they have spread out considerably along the China border, (3) they are well supplied with modern American equipment, and (4) a "considerable number" of Chinese Communist troops are on the frontier.

Expressing his government's concern that the Chinese Communists would lose patience with the situation, the Foreign Minister cited an unconfirmed report that on 25 April Chinese Communist forces had crossed the border in hot pursuit of Nationalist guerrillas and dispersed them on Burmese soil.

While the Burmese Government considers it essential that the Nationalist troops be withdrawn from Burma as rapidly as possible and their supply of arms be stopped at once, the Foreign Minister added that he would give Ambassador Key ample notice of a decision to take recourse to the UN.

(See also item 13 for later report.)

NEAR EAST

7. India refuses to re-sell war surplus C-47 Aircraft to US:

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On 30 April, Sir Girja Shankar Bajpai of the Indian Ministry of External Affairs addressed a letter to the US Embassy, New Delhi, stating that it would be impossible for India to re-sell the sixty-one war surplus C-47 aircraft recently requested by the US for the use of its Air Force. The letter also said that only 39 of these aircraft remained and that they were

urgently needed in India. Admitting defeat in its efforts to repurchase the planes, the US Department of State has instructed Ambassador

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Henderson, at his discretion, to ask Sir Girja for assurances that none of the planes or parts will eventually reach Communist China.

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8. Iranian Ambassador denies reported Soviet approaches:

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Iranian Ambassador Arasteh, in conversation with a US Embassy officer in Moscow, denied categorically that there had been any approach by the Soviet Union seeking concessions in Iran.

Arasteh acknowledged that Soviet Foreign Ministry officials have frequently asked him why his government permitted the US to have air bases in Iran, but stated that the USSR has never asked for bases. He added that since the assassination of Razmara there has been no approach to him by the Soviet Foreign Ministry. He said he had reason to believe, however, that Soviet Ambassador Sadchikov was "very active" in Tehran. When asked whether Soviet officials had ever approached him to obtain assurances of Iranian neutrality in case of war, Arasteh replied that the matter had never been taken up with him but that Razmara had been so approached and had given the assurances desired.

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9. Israel and Syria continue military action:

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Although reports are conflicting and contradictory, Israeli and Syrian troops apparently engaged in fairly heavy fighting in the demilitarized zone between Lake Hule and Lake

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Tiberias on 3 and 4 May. Both sides were said to be using mortars and artillery, but casualties seemed to be light. UN observers have been unable to obtain a first-hand picture of the situation because of heavy gunfire in the area of the conflict. A meeting of the Mixed Armistice Commission (MAC) held on 4 May apparently produced no results.

Comment: Each side has accused the other and has tried to persuade foreign observers and officials to accept its version of the story. Whatever the facts may be, the present impasse re-emphasizes the need for adequate UN authority to cope with the thorny disputes which continue to arise in connection with the Palestine problem.

EASTERN EUROPE

10. Unrest flares again in Stettin:

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The US Military Attache in Warsaw reports that last week dock workers in Stettin refused to load sugar for shipment to the USSR because they had no sugar for themselves. Some of the soldiers in a Polish Army unit called out to handle the strike put down their arms, saying they would not shoot Poles. As a result the Polish Security Police were called out and several workers were arrested. It is also reported that following further investigation of the anti-Soviet riot in Stettin on 9 April 1951 several hundred additional people have been arrested. Rumor of this riot has now spread to Bydgoszez in central Poland.

Comment: This is the first report of outright mutiny in the postwar Polish Army. In October 1950 and February 1951, strikes by dock workers against shipment to the USSR of foodstuffs and manufactured products were reported in Stettin. On 9 April 1951 an anti-Soviet riot of large proportions, set off the killing of five Polish civilians by a Russian Army officer, resulted in the arrest of some two thousand persons.

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11. US Ambassador to Czechoslovakia believes Clementis' treason trial imminent:

Czechoslovakia

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US Ambassador Briggs in Prague reports that evidence is accumulating that the trial of former Foreign Minister Clementis is imminent.

Briggs includes as evidence (a) a statement by Communist Party leader Slansky that Clementis has confessed to working for US intelligence; (b) the recent alleged defection of a radio operator from the Yugoslav Embassy in Prague; (c) reports that Czechoslovak diplomats from Switzerland, Turkey and India have arrived in Prague to testify at the trial. Briggs also notes that Czechoslovak officials in their May Day speeches omitted any reference to nationalism in their remarks about Clementis, but emphasized his alleged espionage activities. Until the end of April, on the other hand, the accusations leveled at Clementis had emphasized his nationalist deviation. This shift is viewed by the Ambassador as an indication that Clementis may be tried for conspiracy with the West, while the nationalism issue will be soft-pedaled.

Comment: The shift from accusations limited to nationalism and rightist deviation to those of treason and espionage parallels the preparations in the summer of 1949 preceding the Hungarian Rajk trial. Since Clementis can not be tried before the state court for an ideological crime, it is necessary to construct a case against him as a spy.

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FAR EAST

13. Burmese set three-day deadline before appeal to UN:

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On 5 May, after conferring with Prime Minister Thakin Nu concerning Chinese Nationalist troops in Burma, the Burmese Foreign Minister told Ambassador Key that Burma would

not defer an appeal to the UN for more than three days unless, in the meantime, the US could suggest an alternative solution. The Minister added that the Chinese Communist Ambassador had inquired earlier in the day regarding reports that large numbers of Chinese Nationalist troops had recently entered Kengtung from Thailand and asked what action Burma intended to take in the matter. He was told that the intruders were Vietnamese refugees and was assured that Burma would take action to terminate the Nationalist problem in Kengtung.

Ambassador Key comments that the Burmese Government is "fearful almost to the point of hysteria that unless it acts quickly the Chinese Communists may intervene."

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